

STRATEGIES TO FIGHT KLEPTOCRACY

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Good evening.

Thank you for inviting me today to participate in this anticorruption forum, especially with this distinguished group from all segments of the Kolkata community including from the government and civil society.

The United States welcomes the opportunity to engage and cooperate with committed partners in the global fight against corruption and today I would like to provide an overview of USG international efforts to combat corruption, particular high-level corruption (kleptocracy), international cooperation on the recovery the proceeds of crime, preventive areas to check the misuse of power and public funds, and innovative public-private partnerships to mobilize attention and target corruption at all levels of society.

I would like to thank my colleagues with the Bureau of International Information Programs (IIP) and the U.S. Consulate General in Kolkata for helping to organize this event.

The Adverse Impact of Corruption to the Global Community

The United States Government (USG) places a high priority on combating global corruption and views it as a threat to development and prosperity of all nations. Corruption jeopardizes the integrity of world markets, the stability of political systems, and the security of the international community. It impedes efforts to promote freedom and democracy, stymies economic growth and foreign investment, and saps energies from innovation, competitiveness, and entrepreneurial and technological advancement strategies.

It also facilitates transnational crime and terrorism, and casts shadows of lawlessness that erode public trust and the rule of law.

Corruption robs nations of their future and people of their dreams by misappropriating public investment away from development areas that need it most, such as public sector modernization, infrastructure and social development including quality access to water, sanitation, education, healthcare, and housing.

Earlier this month, the World Bank and United Nations in a press release estimated that the cross-border flow of global illicit proceeds related to corruption, criminal activities, and tax evasion is between \$1 trillion and \$1.6 trillion per year. This is an enormous loss of economic potential and social development investment.

High-level corruption by senior officials, or kleptocracy, is a grave and corrosive abuse of power and represents the most invidious type of public corruption.

As President George W. Bush underscored yesterday in his address to the United Nations General Assembly, the U.S. and other nations are transforming the way we fight poverty, curb corruption, and provide aid. The United States is committed to developing strong partnerships, based on shared values that underpin good governance principles, which will encourage honest, responsible government and reward those that govern justly, invest in their people, and foster economic openness and freedom.

Let me be clear: Corruption is not just an American problem nor a European or an Asian one. It is not a problem that is unique to any one region or country. It is a global challenge.

Political Will: U.S. Efforts to Prevent and Combat Domestic Corruption

No one is above the law: The U.S. takes the issue of fighting corruption seriously as demonstrated by the strong actions of our law enforcement community over the past several years to prosecute public corruption scandals in the United States.

Over the five-year period from 2001 to 2005, the most recent period for which we have data, the Justice Department charged over 5,749 individuals with public corruption offenses nationwide and obtained an 85% conviction rate.

In addition to prosecution, the United States also devotes substantial resources to the prevention and detection of corruption. By focusing attention and resources on programs promoting transparency and accountability, we can make it more difficult for corrupt practices to occur and easier to detect.

Particularly important aspects of prevention include publicly available personal financial reporting by senior federal officials including all elected officials, all judges and all senior political and career appointees. The requirements include substantial financial and fiduciary information for the official and financial information for the official's spouse and dependent children.

Even prior to government service, an individual who is being considered for appointment by the President to a position in the executive branch is asked to file a financial report as a part of an initial screening process. The report is reviewed for purposes of conflicts of interest by the U.S. Office of Government Ethics and the agency in which the individual would serve.

If the review detects potential conflicts, the individual is asked to enter into a written agreement outlining the steps he or she must take to avoid these conflicts. Those steps may include selling certain assets, resigning from outside positions, agreeing to recuse or, possibly entering into a blind trust.

Complementing these prevention programs are significant enforceable procedural systems promoting consistency and transparency: These include general requirements for standardized and public administrative processes and licenses; public legislative processes that follow standardized

rules; public judicial proceedings that follow standardized procedures; public budgeting processes and internal financial controls; a large merit-based civil service; and rights for public access to information regarding most government activities. In addition, the activities of the federal government are conducted under the watchful eye of an active and free press.

Similar to the critical role of civil society watchdogs, I want to stress that a free media can be an important tool against corruption by shining the light on criminality and abuses of power.

U.S. Efforts to Internationalize Efforts Against Kleptocracy

In addition to preventing, investigating, and prosecuting corruption at home, we are working to stem corruption around the world. Promoting good governance and fighting corruption are important foreign policy priorities for Secretary of State Condoleezza Rice.

As noted earlier, the United States, through the Group of Eight (G8) and other multilateral fora, is committed to working with dedicated partners to strengthen the political will and resolve to establish transparent and accountable governance, empower citizens to demand efficient use of state resources and the fair use of regulatory and judicial powers, prosecute high-level public corruption, deny safe haven to corrupt officials, those who corrupt them, and their illicitly-acquired assets, and ensure responsible repatriation and use of the ill-gotten funds.

In August 2006, President Bush unveiled the U.S. National Strategy to Internationalize Efforts Against Kleptocracy.

This strategy further elevated the global discussion on the fight against corruption by putting kleptocrats on notice, focusing attention to high-level, large-scale corruption by public officials, increasing the public-private partnership dialogue on accountability on both the demand and supply side of the issue, and ushering new areas for targeting the proceeds of grand corruption through international cooperation to deny safe haven and asset recovery.

In order to implement its strategic objectives to combat kleptocracy, the United States is:

1. launching a coalition of committed partners to trace and recover the proceeds of grand corruption;
2. vigorously prosecuting foreign corruption offenses and forfeit illicitly acquired assets;
3. denying physical safe haven to corrupt individuals;
4. strengthening multilateral action against the bribery of kleptocrats;
5. facilitating the effective disposition and administration of recovered assets for the benefit of the citizens of countries victimized by grand corruption; and
6. targeting enhanced capacity to fight high-level corruption.

Another key tool in our strategies to deny safe havens to kleptocrats is Presidential Proclamation 7750, issued on January 12, 2004, that allows the United States to deny or revoke visas to individuals involved in public corruption that has serious adverse effects on specific U.S. interests, including: (1) the international economic activity of U.S. businesses, (2) U.S. foreign assistance goals, (3) the security of the United States against transnational crime and terrorism, or (4) the stability of democratic nations and institutions.

The United States is engaged internationally to protect the financial system from abuse by those who would launder the proceeds of foreign official corruption and to identify, trace, freeze, recover, and repatriate such illicitly acquired assets.

We continue to take and promote measures to press our international partners to deny entry to corrupt foreign officials; increase transparency in budgeting, concession-letting, and procurement; improve governance and accountability; investigate and prosecute their nationals and companies that bribe or promise to bribe foreign public and political party officials; and strengthen anti-bribery and accountability disciplines on export credits and official development assistance.

For example, we are also aggressively investigating those U.S. companies and individuals engaged in bribing and otherwise corrupting foreign government officials. The Foreign Corrupt Practices Act (FCPA) makes it a serious federal crime to bribe foreign government officials for the purpose of obtaining or retaining business. Enforcing the FCPA is a major priority for the United States.

The OECD Anti-Bribery Convention and the OECD Working Group on Bribery provide important avenues for the United States to cooperate with counterparts outside the US to combat bribery in international business transactions.

Combating money laundering and the web of corruption related to it is also a top priority as is the corruption-crime nexus.

Today we also find ourselves in a rapidly changing world – we face numerous threats that undermine our common stability and security. In effectively combating corruption, we must also confront related illicit activities such as financial crimes. Kleptocrats, criminals and other illicit actors launder the fruits of their crimes through a variety of ways.

Similarly, weak financial measures and lack of transparency demonstrated by certain kleptocratic regimes may provide an opportunity for terrorists to use vulnerable points in the global financial system to move funds to finance their terrorist activities.

The United States is committed to work with other international partners to identify, interdict, block, and cut off the financial pipelines to all corrupt individuals, criminal organizations, and illicit networks through the Financial Action Task Force (FATF) and other diplomatic and enforcement avenues.

Similarly, we support the global initiative launched on September 17, 2007, by the World Bank and the United Nations Office of Drugs and Crime (UNODC) to help developing countries recover assets stolen by corrupt leaders, ensure that looted assets are returned to the rightful owners, help communities to invest them in effective development programs, and to combat safe havens internationally.

International Cooperation: Strengthening the Implementation of the UNCAC

The UN Convention Against Corruption (UNCAC) also offers a good tool and opportunity to strengthen international cooperation. The UNCAC is the most ambitious international anti-corruption effort to date.

It includes fundamental principles that are crucial in the fight against corruption. Those principles include requiring or recommending criminalization of certain corrupt behavior, and requiring international cooperation on anti-corruption efforts. It also calls for governance improvements that will help prevent corrupt acts from occurring.

Additionally, the Convention establishes the first ever comprehensive framework for recovery of illicit assets sent or taken abroad by corrupt officials. Many countries saw the problem of corrupt officials acquiring assets illicitly and hiding those assets in foreign safe havens as the core problem that the Convention should address.

Implementation of the UNCAC is now underway following a successful first meeting of the Conference of States Parties in the Dead Sea, Jordan in December 2006.

Heading to the second COSP to be held in Bali, Indonesia in January 2008, the U.S. looks forward to working with the States Parties in the context of the three working groups created by the COSP: technical assistance, asset recovery and review mechanism working groups.

We believe that each one of these groups is capable of developing a practical, concrete plan for moving the UNCAC forward that balances the need to respect the sovereignty of States Parties with the need to make the UNCAC a meaningful and relevant instrument.

U.S. Foreign Assistance and Anticorruption Capacity Building

The U.S. helps other governments to prevent corruption and increase transparency, improve good governance, combat money laundering, and prosecute transnational crime by providing technical assistance and training, and strengthening criminal justice systems and capacities of law enforcement agencies. Such assistance helps to enhance the ability of foreign governments to enhance public administration and to address their own crime challenges before the se threats extend across international borders.

The United States Agency for International Development (USAID) includes anticorruption efforts a central part of its foreign assistance strategy and takes a broad approach to assisting partner countries to strengthen their systems to resist corruption. USAID's anticorruption programs are designed to help reduce opportunities and incentives for corruption; support

stronger and more independent judiciaries, legislatures, and oversight bodies; and promote independent media, civil society, and public education.

The State Department's Bureau for International Narcotics and Law Enforcement (INL) Affairs helps support capacity-building and training for police, investigators, prosecutors, judges, ethics offices, auditors, inspectors general, and other oversight, regulatory and law enforcement systems at the national and local levels of government. INL's International Law Enforcement Academies (ILEAs) around the world also help to provide targeted training on various anticrime areas.

INL also helps to support the USDOJ's Office of Overseas Prosecutorial Development, Assistance and Training which provides assistance to strengthen criminal justice institutions in other nations and enhancing the administration of justice abroad and the International Criminal Investigative Training Assistance Program (ICITAP) which provides assistance to police forces in developing countries through the world to strengthen police investigative capacities.

The Millennium Challenge Corporation (MCC) is providing a powerful incentive for governments to adopt tough anticorruption policies and strengthen their anticorruption institutions. In implementing the Millennium Challenge Account (MCA), the MCC works to lift people around the world out of poverty through economic growth and incentives for governance reform.

MCC offers grant assistance to developing countries that are willing to implement tough anticorruption reforms. As a result, countries are taking it upon themselves to pass stronger anticorruption laws, strengthen oversight institutions, open up the public policy-making process to greater public scrutiny, and step up corruption-related investigations and prosecutions.

Conclusion

In closing, the United States will continue to increase international cooperation to identify and prevent access by kleptocrats to financial systems; to deny safe haven to corrupt officials; to identify, recover and return proceeds of corruption; and to provide anticorruption assistance for capacity and training to strengthen critical law enforcement and rule of law systems.

We also look forward to continuing our partnership with those who are committed to prosecuting the battle against corruption including the implementation of the UNCAC.

The United States strongly encourages India to ratify the UN Convention Against Corruption and we look forward to working together at the 2nd COSP in Bali in January 2008, especially on asset recovery, the review mechanism, and technical assistance. We also are keen to strengthen bilateral cooperation to combat kleptocracy and transnational bribery and promote good governance.

We believe that a strong anticorruption regime is also vital to the U.S.-India Strategic Partnership that focuses on cooperation on numerous fields including commerce, trade and investment, high-technology, and democracy promotion.

Finally, fighting corruption is an ongoing and deliberate process. Working together all of you through synergies and partnerships, including with international donors, can create a better future by continuing a united effort against corruption and building communities in Kolkata and throughout India where all individuals can be governed with the highest levels of integrity.

Through a renewed commitment to anticorruption and integrity, people can transform their communities, build enduring foundations for future generations to expose and punish corruption, and leave a legacy for their children anchored on the values of honest governance, openness, just conduct, free media, and the rule of law.

I applaud your leadership and commitment to fight corruption in Kolkata and throughout India.

Thank you.